

**Hearing Date and Time: March 31, 2011 at 10:00 a.m. (prevailing Eastern Time)**

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

**RESPONSE OF J.P. MORGAN SECURITIES LTD.  
TO DEBTORS' EIGHTY-SEVENTH, EIGHTY-NINTH AND  
NINETIETH OMNIBUS OBJECTION TO CLAIMS (NO LIABILITY CLAIMS)**

J.P. Morgan Securities Ltd. (“JPMSL”) and its respective affiliates, by and through its undersigned attorneys, hereby files this response (the “Response”) to the eighty-seventh [Docket No. 14442], eighty-ninth [Docket No. 14452] and ninetieth [Docket No. 14453] omnibus objection to claims, each dated February 11, 2011 (together, the “Objections”), filed by Lehman Brothers Holdings Inc. (“LBHI”) and its affiliated debtors in the above-captioned case (together with LBHI, the “Debtors”) and respectfully represents:

## BACKGROUND

1. On October 27, 2009, JPMSL timely filed three proofs of claim in respect of certain Preferred Securities (as defined below). Specifically, JPMSL filed a proof of claim in respect of (i) Euro Fixed/Floating Rate Enhanced Capital Advantaged Preferred Securities, issued by Lehman Brothers UK Capital Funding III LP and guaranteed by Lehman Brothers Holdings plc (“LBH plc”), with ISIN XS0243852562; (ii) Euro Fixed Rate to CMS-Linked Guaranteed Non-Voting Non-cumulative Perpetual Preferred Securities, issued by Lehman Brothers UK Capital Funding LP and guaranteed by LBH plc, with ISIN XS0215349357; and (iii) Euro Fixed Rate Guaranteed Non-Voting Non-Cumulative Perpetual Preferred Securities, issued by Lehman Brothers UK Capital Funding II L.P. and guaranteed by LBH plc, with ISIN XS0229269856. These securities are hereinafter collectively referred to as the “Preferred Securities.” The proofs of claim filed by JPMSL in respect of these securities were assigned claim nos. 49785, 49786 and 49690, respectively (together, the “LPS Claims”), and are attached hereto as Exhibit A, Exhibit B and Exhibit C.

2. The Preferred Securities were included on the list of Lehman Program Securities (as defined in the Bar Date Order (defined below)) which the Debtors published on their restructuring website on July 17, 2009 (the “LPS List”) pursuant to this Court’s order setting forth procedures and deadlines for filing proofs of claim in these chapter 11 cases, dated July 2, 2009 [Docket No. 4271] (the “Bar Date Order”). In the “Description” column, the LPS List states (i) “Company Guaranty” with respect to the Euro Fixed/Floating Rate Enhanced Capital Advantaged Preferred Securities with ISIN XS0243852562; (ii) “Company Guaranty” with respect to the Euro Fixed Rate to

CMS-Linked Guaranteed Non-Voting Non-cumulative Perpetual Preferred Securities with ISIN XS0215349357; and (iii) and “Fixed Rate Guaranteed Non-Voting Non-Cumulative Perpetual Preferred Securities” with respect to the Euro Fixed Rate Guaranteed Non-Voting Non-Cumulative Perpetual Preferred Securities with ISIN XS0229269856. A copy of the relevant portion of the LPS List is attached hereto as Exhibit D.

3. On February 11, 2011, the Debtors filed the Objections, both of which are substantially similar. The Debtors seek entry of orders expunging the LPS Claims on account of the fact that “the Debtors have no liability because [the LPS Claims] seek to recover for Preferred Securities that were neither issued nor guaranteed by the Debtors.” See Objections at ¶¶11-13.

#### ARGUMENT

4. Contrary to the Debtors’ assertions in the Objections, a board resolution guarantee issued by LBHI supports JPMSL’s LPS claims. On June 9, 2005, LBHI adopted certain resolutions, a copy of which is attached hereto as Exhibit E (the “LBHI Resolutions”), by the unanimous written consent of the Executive Committee of the Board of Directors of LBHI. The LBHI Resolutions provide, among other things, that “[LBHI] hereby fully guarantees the payment of all liabilities, obligations and commitments of the subsidiaries set forth on Schedule A hereto, each of which shall be a Guaranteed Subsidiary for purposes of [LBHI’s Code of Authorities].” Pursuant to the LBHI Resolutions, LBH plc is a Guaranteed Subsidiary for the purposes of LBHI’s Code of Authorities.

5. In addition, the recitals in the LBHI Resolutions indicate that holders of claims against the entities set forth on Schedule A to such resolutions are intended third party beneficiaries. The recitals specify that one of the purposes of the LBHI Resolutions is “to clarify that [LBHI’s] guarantee of any Guaranteed Subsidiary with respect to any given transaction is not contingent upon the issuance of a signed guarantee pertaining to such transaction.” This recital clarifies that a transaction-specific or security-specific guarantee by LBHI is not necessary because such transaction counterparties or security holders are the intended beneficiaries of the LBHI Resolutions.

6. The Debtors have not asserted in their Objections that holders of claims in respect of the Preferred Securities are not beneficiaries of the LBHI Resolutions or otherwise not entitled to assert claims based upon the LBHI Resolutions. Moreover, by including the Preferred Securities in the LPS List and including descriptions which specify that the Preferred Securities have been included in the LPS List because of a guarantee, the Debtors acknowledged that holders of such securities have valid guarantee claims against LBHI. Therefore, the Objections should be overruled. At the very least, JPMSL should be given the opportunity to conduct discovery to obtain additional evidence with respect to the purpose and effect of the LBHI Resolutions or that it is otherwise entitled to assert its LPS Claims based upon such resolutions.

WHEREFORE, JPMSL respectfully requests that the Court deny the Objections with respect to JPMSL’s LPS Claims and grant JPMSL such other and further relief as the Court deems just and proper.

Dated: March 28, 2011  
New York, New York

Respectfully Submitted,

/s/ Amy R. Wolf

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